

LOUISVILLE METRO COUNCIL COMMITTEE MINUTES

Budget

Wednesday, April 15, 2009

5:02 P.M.

Third Floor, City Hall

Present: **Chair:** CM King
 Vice-Chair: CM Downard
 Members: CM Woolridge, CM Fleming, CM Kramer, CM Heiner, CM Butler & CM Johnson
Absent: CM Blackwell & CM Hamilton (excused absence)
Also Present: CM Ward-Pugh (5:18pm)

Chairman King began the meeting by introducing the members of the committee that were present. A quorum was established.

Special Items For Discussion

[UPDATE OF THE COUNTY CLERK'S FY09 BUDGET PROJECTIONS AND SPENDING PLAN](#)

Bobbie Holsclaw, Jefferson County Clerk, gave an update on the County Clerk's Office budget projections and spending plan. Due to the current state of the economy, the automobile and real estate industry has been hit hard which has impacted the general revenue for the Clerk's Office. She also sought recommendations from the Council. The following was discussed:

- Currently 12% below predicted Budget Revenue
- Use some of 2008 Surplus
 - Surplus was \$1.2 million at the beginning of the year
 - Looking at about over \$700,000 available to help cover shortfall
- May have to lay-off staff
 - 17 positions
- Possible furlough days
- 90% of Budget is Payroll
- No success with attrition
- Revenue due to Metro Louisville will be down as well

Pending Legislation

[O-50-03-09 AN ORDINANCE AMENDING ORDINANCE NO. 111, SERIES 2008 AND ORDINANCE NO. 112, SERIES 2008 RELATING TO THE FISCAL YEAR 2008-09 CAPITAL AND OPERATING BUDGET FOR THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, BY TRANSFERRING \\$15,000 FROM THE DISTRICT 8 CAPITAL INFRASTRUCTURE FUND TO THE DISTRICT 8 NEIGHBORHOOD DEVELOPMENT FUND.](#)

Status: In-Committee
Committee: Budget
Primary Sponsor: Tom Owen

Motion to approve made by Mary C. Woolridge and seconded by Marianne Butler

Beth Stenberg, Metro Council Staff, spoke on behalf of District 8 Office. She stated there was a need to move funds from the Capital Infrastructure Fund to the Neighborhood Development Fund to cover appropriations to non-profit organizations.

VOTE - For: 8; Against: 0; Abstain: 0; Absent: 2

For: Jim King, Kelly Downard, Hal Heiner, Kevin Kramer, Mary C. Woolridge, Marianne Butler, Kenneth C. Fleming, Dan Johnson
Against: (None)
Abstain: (None)
Absent: Rick Blackwell, Cheri Bryant Hamilton

Without objection, the item was approved and sent to **CONSENT CALENDAR**.

[O-54-03-09 AN ORDINANCE OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT \("METRO GOVERNMENT"\) RELATING TO THE DISCRETIONARY EXPENDITURE BY THE MAYOR OF SURPLUS PROCEEDS ON NOTES, MORTGAGES, LEASES NOT BEING HELD FOR REINVESTMENT AND THE EXPENDITURE OF SURPLUS PROJECT FUNDS CONTAINED WITHIN GENERAL OBLIGATION BONDS.](#)

Status: In-Committee
Committee: Budget
Primary Sponsor:
Hal Heiner
Kelly Downard
Tina Ward-Pugh

Motion to approve made by Kevin Kramer and seconded by Hal Heiner

CM Heiner explained the purpose of the proposed ordinance takes language, which was inserted into the last approved obligation bond approved by Metro Council, and make it standard language for any new bond issues coming in the future. The operative paragraph talks about 2 areas; the first would be the Executive would have the ability to \$500,000 from project to project without the Metro Council's approval. But, once the aggregate amount exceeds \$500,000, the Executive/Administration would need to seek the Legislative approval to authorize movement of the funds. The second area deals with current debt, with certain loans owed to Metro Louisville Government and would allow the Executive to modify the debt up to 10% of face value on the loan or a maximum of \$50,000. If exceeding that amount, the legislative body would have to approved modifications and/or debt forgiveness.

Bruce Traughber, Director of Economic Development, spoke on how the proposed ordinance would affect the Department in the area of forgivable loans.

- Forgivable Loan program for small retail businesses in underserved areas within the community
 - May have to end program if the proposed ordinance would go into effect
 - If amount were up to \$100,000, it could be acceptable
- Metco Loan Program
 - City is secondary lender 99% of the time on these loans
 - Risk is greater to the City than the primary lender
 - Time frame for approval would create an issue

CM Johnson made a motion to amend the item by removing Section 3 and was seconded by CW Woolridge. Discussion occurred on the proposed amendment. Some interest was voiced on deleting the percentage factor and capping the dollar amount threshold. Another factor noted was the effect inflation could play over time on the dollar amount.

CM Johnson revised his motion to amend to deleting the percentage amount, changing the threshold amount to \$150,000 and require a report on loan notes of \$100,000 or more to the Metro Council. The motion was seconded by CW Woolridge. Discussion continued further in regards to Section 3, need for clarification of definition "General Obligation Notes" or "Notes".

The Chairman suggested tabling the item briefly so the County Attorney, William O'Brien, could draft a clarified amendment before moving further. Without objection, the item was briefly **TABLED**. The Chairman read item #4 into the record.

The committee returned to this item. Motion to untable made by CW Woolridge and seconded by CM Downard; without objection the item was untabled and discussion continued on the proposed amendment. William O'Brien, County Attorney's Office, read a

drafted, clarified amendment to the committee for consideration within Section 3. To the extent permitted by law, the Mayor may reduce, modify, sign, forgive or cancel any debt qualified for reduction under State law in an amount not to exceed \$150,000 of any; promissory note, mortgage or lease securing an expenditure of public funds; provided, however, that any such changes, substitutions or modifications of the use of the proceeds shall not violate State law and/or exceed \$150,000 without prior Metro Council approval and shall be effective only to the extent that any such change, substitution or modification does not cause the Metro to project a deficit. Furthermore, any reduction between the amounts of \$100,000 and \$150,000 shall be reported to the Metro Council through the President's Office.

Chairman King stated without objection, the previous motion to amend was withdrawn and the new amended language would need to be considered. CM Johnson made a motion to accept the amendment language as read by Mr. O'Brien; CW Woolridge seconded the motion. By voice vote, the amendment was approved.

Mr. O'Brien stated the Administration proposed an amendment in Section 5 for the committee to consider. He read the "Revenue Commission" shall through the Office of Management & Budget submit a quarterly report as to the surplus funds held in the Bond Fund, the Cost of Issuance Account and the Project Fund for each General Obligation Bond. CW Butler made a motion to accept the amendment as read and CW Woolridge seconded the motion. Roll Call vote was requested. The motion Failed by vote.

VOTE - For: 3; Against: 4; Abstain: 0; Absent: 3

For: Mary C. Woolridge, Marianne Butler, Dan Johnson
Against: Jim King, Kelly Downard, Hal Heiner, Kevin Kramer
Abstain: (None)
Absent: Rick Blackwell, Cheri Bryant Hamilton, Kenneth C. Fleming

The committee voted on the ordinance as amended.

VOTE - For: 7; Against: 0; Abstain: 0; Absent: 3

For: Mary C. Woolridge, Marianne Butler, Dan Johnson, Jim King, Kelly Downard, Hal Heiner, Kevin Kramer
Against: (None)
Abstain: (None)
Absent: Rick Blackwell, Cheri Bryant Hamilton, Kenneth C. Fleming

The item was sent to **OLD BUSINESS AS AMENDED.**

[O-55-03-09 AN ORDINANCE OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT \("METRO GOVERNMENT"\) RELATING TO THE USE OF BOND SURPLUS PROCEEDS AND/OR INVESTMENT EARNINGS HELD IN THE PROJECT FUND\(S\) PROVIDED UNDER ORDINANCE NO. 97, SERIES 2002.](#)

Status: In-Committee
Committee: Budget
Primary Sponsor:
Hal Heiner
Kelly Downard
Tina Ward-Pugh

Motion to approve made by Mary C. Woolridge and seconded by Kevin Kramer

CM Heiner explained the purpose of the proposed ordinance relating specifically to the Marriott Bond approved by Ordinance 97, Series 2002. There was \$1.8million of unspent funds remaining, possibly interest, and the Administration entered into a forgivable loan with Cordish Company for use of those funds toward 4th Street Live. This happened without Metro Council approval. The basis of the proposed ordinance was an understanding \$950,000 has been spent to the Cordish Company with \$850,000 remaining unused and requiring the Executive to come before the Metro Council to use the funds towards a project not already

approved by Council or to use the funds towards Principle & Interest of the Bond, without coming to the Council. The concept behind the ordinance was that the citizens' best interests were met. An opinion was received from the County Attorney's Office on whether this ordinance would be effective or not.

Bruce Traugher gave the committee a brief review as how this point was reached. He mentioned the funds identified within the proposed ordinance are not considered surplus funds, but rather unidentified economic revitalization projects. The following was discussed:

- Encourage a more open and questionable review of large expenditures
- Affordable Housing Trust Fund
- Other Cities/Council requirements
- Contractual commitment
 - Vested rights
- Setting precedence that could be harmful

Motion to Call the Question made by CM Johnson and seconded by CW Woolridge; by show of hands the motion failed as ruled by the Chairman.

Motion to amend to 1) add the phrase "and not otherwise contractually obligated" after project funds, and 2) delete the word surplus wherever it appears in front of the phrase "Bond Proceeds" made by CM King and seconded by CM Downard. The vote on the amendment was taken by roll call. The amendment was approved.

VOTE - For: 6; Against: 1; Abstain: 0; Absent: 3

For: Jim King, Kelly Downard, Kevin Kramer, Mary C. Woolridge, , Dan Johnson, Marianne Butler

Against: Hal Heiner

Abstain: (None)

Absent: Cheri Bryant Hamilton, Kenneth C. Fleming, Rick Blackwell

Having no further discussion, the committee voted on the Ordinance As Amended.

It was approved and was sent to **OLD BUSINESS AS AMENDED.**

VOTE - For: 7; Against: 0; Abstain: 0; Absent: 3

For: Jim King, Kelly Downard, Kevin Kramer, Mary C. Woolridge, , Dan Johnson, Hal Heiner, Marianne Butler

Against: (None)

Abstain: (None)

Absent: Cheri Bryant Hamilton, Kenneth C. Fleming, Rick Blackwell

The committee returned to item #3 and the Chairman encouraged a motion to untangle.

Motion to adjourn made by Mary C. Woolridge; without objection the meeting adjourned at 6:37PM

***NOTE: Items sent to the Consent Calendar or Old Business will be heard before the full Council at the Metro Council Meeting on April 23, 2009.**

KLP